

One fiscal-cliff drama ended Tuesday, but it set the stage for another political battle royal – one that will closely involve at least two Orange County Congress members.

The fiscal-cliff bill approved by the House on New Year's Day postponed \$1.2 trillion in across-the-board cuts – dubbed "sequestration" – for two months. Additionally, the national debt limit of \$16.4 trillion will be maxed out by early March.

To avoid the indiscriminant cuts and to avoid defaulting on loans, another major deal needs to be struck between Republicans and Democrats.

But just as with the fiscal-cliff battle, the two sides have different agendas.

"This gives us, who want cuts, another bite at the apple," said **Rep. John Campbell**, an Irvine Republican who sits on the House Budget Committee and was an original co-sponsor of Paul Ryan's budgetary "Roadmap for America."

President Barack Obama said Tuesday that he doesn't want the debt-ceiling issue to be used as leverage for budget cuts, which many say implies he wants more tax revenue.

"Our response is, 'No, this is the one vehicle we have to reduce entitlements,' " Campbell said, referring to non-discretionary programs including Medicare, Medicaid and Social Security – all of which would be largely untouched by sequestration cuts.

Virtually all discretionary programs would be slashed under sequestration, including \$500 billion cut from defense spending over 10 years. Many Republicans are wary of that level of defense cuts, as is Rep. Loretta Sanchez, a Santa Ana Democrat who's sat on the House Armed Services Committee since 1996.

Sanchez noted that deep cuts have already made to defense, largely because of the end of U.S. involvement in Iraq and, soon, Afghanistan.

"I think we can find another \$100 billion in cuts," she said. But with defense accounting for about a quarter of government spending, it would be hard to find places to make up for the other \$400 billion in sequestration defense cuts. Sanchez said raising additional revenue is an alternative.

"Maybe we have to look at the (tax) deductions we're giving," she said.

She would also consider voting to raise the debt limit.

"We have to pay our bills and we may have to borrow to do that," she said. "It's going to be a fight."

Sanchez said she'd also consider "streamlining" some entitlement programs, and that bipartisan compromise was essential to working out a manageable deal that avoids the indiscriminant across-the-board cuts of sequestration.

"We need adults in the room and there are adults on both sides of the aisle," Sanchez said. "They're just not the ones doing all the TV interviews."

But **Campbell** said he would not support any additional tax increases, in the form of reduced deductions or otherwise. He said he could support some increase to the debt-limit if there were significant reform to entitlements.

Campbell also said he could "**absolutely live with**" \$500 billion in defense cuts, as called for by sequestration. And he said he would be willing to force sequestration cuts and even hitting the debt limit if adequate cuts were not part of the deal.

"That's something we're prepared to do," the former car dealer said. **"You can't do any kind of negotiation unless you're willing to get up and walk away from the table."**

"This has every bit as much potential to be as difficult and contentious as the fiscal cliff."